

CABINET

26 OCTOBER 2021

BEECH ROAD, TIVERTON – PROJECT DELIVERY

Cabinet Member(s): Cllr Bob Evans, Deputy Leader and Cabinet Member for Housing and Property Services

Responsible Officer: Andrew Busby, Corporate Manager Property, Leisure and Climate Change

Reason for Report: Following the withdrawal of Contractor 2, for Cabinet to award the contract for the construction of three Council properties, using a JCT Design & Build 2016 Contract (as amended) to Contractor 1.

Recommendation: The Deputy Chief Executive (S151) and the Deputy Leader and Cabinet Member for Housing and Property Services are delegated authority to award the contract for works required to provide three social rented houses at Beech Road in Tiverton.

- (i) Contractor 1 under a JCT Design and Build Contract 2016 (as amended).
- (ii) To approve a £22k increase for project contingency as detailed in para 5.9.

Financial Implications: These are explained in the report and will be managed within HRA budget and 1:4:1 budget allocations received as part of the right to buy process.

Budget and Policy Framework: The construction of new homes has been identified in the Capital Medium Term Financial Plan. The cost for the on-going maintenance of the asset will be met from the Housing Maintenance Fund (HMF).

Legal Implications: Upon awarding the contract, the Council will be engaged and bound by the terms of the JCT Design and Build 2016 (as amended) contract with the chosen contractor.

Risk Assessment: An open and transparent tendering process had been undertaken to avoid the potential for challenge and to ensure value for money. An Employers Agent has been engaged to review the quality scoring of Contractor 1 to address any concerns.

Equality Impact Assessment: The design of the properties considers the needs of all and planning permission has already been approved under reference 17/00323FULL. Our housing need has been considered as detailed on Table 1.

Relationship to Corporate Plan: Homes: Deliver more affordable housing and greater numbers of social rented homes.

Impact on Climate Change: The contractor will be required to be committed to managing and minimising the environmental impact. This project will be planned in a manner, which takes account of the environmental impact, seeking to reduce such

effect as much as possible. This will include consideration of the impact of travelling to the site and effective planning to reduce the number of deliveries. The introduction and promotion of environmental monitoring will be a key element of management of the project. The impact of these works will result in an increase in the Council's reported carbon footprint under the relevant scope which will be reported in 2021/22 figures and the Council will look at measures to offset the additional carbon used on this project.

1.0 Introduction

- 1.1 The Council is committed to increasing its affordable housing stock through the development of existing Council owned land.
- 1.2 The land that the Council plan to develop at Beech Road is within the Council ownership (HRA fund) as shown on attached map Annex B.
- 1.3 Planning permission was previously applied for in 2015 reference 15/00062/FULL to address the adopted drains easement restrictions. A further application was applied for and approved to build three one-bedroom dwellings reference 17/00323FULL. Works completed following ground investigation work has secured this permission.
- 1.4 An agreement was previously made as part of the planning application for the Council to provide an off-street parking space for a neighbouring property prior to any commencement of building works on the parking area.
- 1.5 The Council has now completed its consultation with those households who use the parking spaces to ensure that they are fully aware of the development proposals. There is no additional issues arising from that consultation.
- 1.6 Cabinet previously approved and awarded the contract to Contractor 2. Unfortunately, given the challenging market conditions for labour and materials, Contractor 2 could not commit to the contract.
- 1.7 The project team have considered alternatives for this site and have considered a modular solution; however, it was concluded to continue with a traditional construction for this development. The modular option could potentially increase the number of dwellings by two for an additional estimate of £100k. This would however result in further delays due to the already granted planning permission, the consultation exercise and the risk of not utilising the 1:4:1 receipts as budgeted.
- 1.8 The construction contract will be a JCT Design and Build contract and originally included a project contingency sum of £25k. It is recommended that this contingency be increased from £25k to £50k due to the increased cost for materials, which may be requested following a Client instruction.

2.0 Affordable Housing

- 2.1 The local housing need shown on Table 1 below sets out housing need as captured by the Mid Devon Housing team from the Devon Home Choice monitoring report as of April 2020.
- 2.2 Please note that Table 1 includes those registered and these latest figures from July 2021 alone, demonstrate that there is sufficient need in the Tiverton area to ensure that the three dwellings would be occupied. Homes are advertised on Devon Home Choice with the rent shown so people will know when they bid how much they will be required to pay on a weekly basis if successful. Table 1 shows an absolute number of people who wish to live in a particular area. These dwellings will be retained by the HRA and rented.

Table 1

Tiverton

Band	Housing Type	Housing Needs Requirement Size					
		1BH	2BH	3BH	4BH	5BH	6BH
Total	General Needs	108	51	55	22	5	0
	Step Free	29	6	3	2	0	0
	Max 3 Steps	1	2	1	0	0	0
	Wheelchair	10	2	1	1	0	0
	Grand Total	148	61	60	25	5	0

A	General Needs	0	0	0	0	0	0
	Step Free	0	0	0	0	0	0
	Max 3 Steps	0	0	0	0	0	0
	Wheelchair	0	0	0	0	0	0
B	General Needs	12	12	8	7	4	0
	Step Free	12	3	1	0	0	0
	Max 3 Steps	0	0	0	0	0	0
	Wheelchair	5	0	1	0	0	0
C	General Needs	12	25	43	14	1	0
	Step Free	13	2	2	2	0	0
	Max 3 Steps	1	2	1	0	0	0
	Wheelchair	4	0	0	1	0	0
D	General Needs	84	14	4	1	0	0
	Step Free	4	1	0	0	0	0
	Max 3 Steps	0	0	0	0	0	0
	Wheelchair	1	2	0	0	0	0

Breakdowns of One Bedroom Need

Age	16-35	36-54	55+
1 Bedroom Need	60	48	40

3.0 Procurement

- 3.1 The works were originally procured following a single stage process.
- 3.2 Expressions of interest (EOI) were invited through the Devon Procurement Portal on 31/11/2020 with a response date for the EOI of 15/01/2021.
- 3.3 Pre-construction information was provided with three sets of risk assessments at the point of tender.
- 3.4 The return date for the original completed bids was 22/01/2021.
- 3.5 A total of 16 contractors expressed an interest in this project and only 2 submitted tenders.
- 3.6 The Employers Agent for the development has completed a further review of the tender submission for Contractor 1.

4.0 Invitation to Tender (ITT)

- 4.1 Of the 16 contractors who expressed an interest, two submitted a bid on time and 14 did not respond.
- 4.2 The ITT asked questions under a number of headings that had either a pass/fail or a weighted score as set out in Table 2 below, these having been published within the ITT documents sent to the interested contractors. The weighting for the evaluation process is split 60% on cost and 40% on quality.
- 4.3 Levels of insurance were also required and contractors needed to confirm their ability to provide such levels of insurance.
- 4.4 The evaluation of returned submissions was undertaken by the Corporate Projects Officer and an independent Employers Agent. The scores from the evaluators were then averaged.
- 4.5 The results of the scoring and tender figures are shown below in Table 2:

Table 2

Assessment area	Contractor 1	Contractor 2
Quality 40%	0.14	0.19
Price 60%	0.60	0.60
TOTAL	0.74	0.79

- 4.6 Table 3 shows the tender return sums with the company names available in Part 2 Annex A.

Table 3

Tenderer	Tendered Price
Contractor 1	£472,589.09
Contractor 2	£475,736.71

5.0 Financial Analysis

5.1 The cost of this project is to be met from the 2020/21 Capital budget and 1:4:1 receipts with the balance being funded by the Housing Management Fund (HMF).

5.2 The budget for this project was originally set at £300k with £284k remaining that will be transferred to the 2021/22 financial year; the £284k from the 20/21 budget will be funded by £203k 1:4:1 receipts and £81k Housing Maintenance Fund.

5.3 A budget for legal fees would be required to update Title documents on the change of rights following the consultation exercise and would be funded by the Housing Maintenance Fund at circa £10k.

5.4 The impact of funding this development on the Housing Maintenance Fund has been updated to calculate the Net Present Value (NPV) profiled over 30 years for Social and Affordable current rent levels using the criteria below:

- No external borrowing costs (assume internally funded)
- Rental values based on 1-bed properties
- Maintenance profiles

At Affordable Rent Levels: Over 30 years, the loss on the development would be circa £32k, the NPV would be a loss of circa £168k.

At Social Rent Levels: Over 30 years, the loss on the project would be circa £114k, the NPV would be a loss of £207k.

5.5 Right to Buy receipts must be used to fund like-for-like tenure replacements; a sold social rented home should be replaced with a new social rented home. This project will be using the Right to Buy receipts where applicable.

5.6 Project contingency has been included as part of the tender returns were originally at £25k and the tender submission for Contractor 1 is circa £3k less than Contractor 2.

5.7 To ensure quality assurance the project will be supported by an Employers Agent should the Council deliver this development directly at circa £20k.

5.8 Cabinet approved the additional budget requested to fund the development at circa £506k.

- Additional Right To Buy receipts at £65k
- Remaining balance of £157k to fund the project would be met from the Housing Maintenance Fund.

Total: £222k

5.9 It is Officers recommendation that the project contingency be increased from £25k to £50k to allow for increases in the cost of building materials, that are a result of a Client instruction. Taking into account the difference in value of the tender return, this would increase the overall project cost from £506k to circa £528k that is a £22k increase.

6.0 Observations

6.1 An arithmetical recheck of contractors 2 figures has been carried out. There were no errors with the tenders returned.

6.2 The tenders returned include differences in known costs as provided in the tender information pack and tender documents, to those costs as submitted as part of the overall tender. These items require clarification that will be achieved via a value-engineering meeting.

6.3 A detailed analysis of the items included within the tender has been undertaken with the aim to find potential cheaper alternatives to replace those allowed for, without compromising the quality of the development through value engineering.

6.4 Project delivery and value for money meetings will be carried out in house by the Corporate Projects Manager with the adhoc support of an Employers Agent to ensure independent quality of assurance.

7.0 The Site

7.1 Present use of the site comprises an area of off-road parking currently in the ownership of the Council adjacent to No. 37 Beech Road, Tiverton, together with a parcel of land to the rear of an existing bus stop adjacent to the junction of Beech Road and Queens Way, Tiverton as shown on Annex C.

7.2 It is proposed to relocate the four parking spaces currently within this area to land to the rear of the existing bus stop to allow the redevelopment of this parcel of land to create three, new 1-bedroom, 2-person flats with off road parking to the frontage and communal amenity space to the side under croft and rear garden space.

7.3 The site is bounded on the north by Beech Road this being an adopted highway with adopted pavements running across the frontage of the site. There are currently no boundary treatments in place. The eastern boundary is

that of No. 37 Beech Road which is an end-of-terrace dwelling. To the south of the site is a 1.8m high close-boarded fence opening into the rear garden of a private dwelling. To the west are the rear boundaries of Nos. 27 & 29 Queens Way together with the open land adjacent to the rear of the existing bus stop off of Beech Road, Tiverton.

- 7.4 The site is virtually level from front to rear with no cross fall and is positioned within the built-up area within the boundary of Tiverton. The site has dwellings on all four sides, these being within Queens Way and Beech Road and the street scenes will simply be a continuation of properties to the frontage of Beech Road.
- 7.5 The proposed new dwellings are to be constructed along the building line of the existing properties on Beech Road and therefore maintaining the overall pattern of development within this area.

8.0 Design

- 8.1 The final form of design was formulated following analysis of the surrounding area, discussions with the Planning department and South West Water. The scheme therefore incorporates design details put forward to ensure that they fit within the vernacular of the surrounding area. The imposed restricted building line set from the face of the existing properties along Beech Road and those imposed by the adopted drains easement has enabled the positioning and setting out of the flats to ensure that all have access, bin storage, off-road parking and amenity to the side undercroft and rear garden. The design details and features of the dwellings have been taken from the surrounding area.
- 8.2 The design generally adheres to the heights of the existing houses on all three sides of the development site.
- 8.3 The main form of the building is that of a rectangular shape this being of three no. one-bedroom flats in line with the architectural drawings enclosed. One flat is to be located on the ground floor with the remaining two on the floor above and an undercroft area has been created to accommodate the adopted drains easement, providing a 3m high clearance above this area. As previously stated the existing parking that was located in this area is to be relocated to the adjacent land. This will provide parking for adjacent properties and will be completed prior to any construction works commencing on site to ensure that no loss of amenity through parking is created through the development.
- 8.4 The proposed new dwelling as previously stated will reflect traditional materials and the forms of the existing dwellings in having matching brick facing walls and slate tiled roof with all windows and doors being in white upvc.
- 8.5 Access into the site will be by way of existing drive and therefore highway safety and visibility accessing or egressing the driveway will remain unchanged. Parking will be provided in front of the dwellings for four vehicles.

9.0 Sustainable Construction

- 9.1 The building has been designed in order to reduce the environmental impact. The flats will have a reduced energy consumption, including 100% low energy light fittings.
- 9.2 Transport - the site is located a short walk from the main centre of Tiverton as well as being adjacent to a bus route on Beech Road. The rear courtyard will allow for provision of lockable cycle storage with safe pedestrian access via footpaths.
- 9.3 All of the timber used throughout the build will be of softwood from sustainable replenished forests.
- 9.4 Where possible, the development will provide for high levels of insulation and to be of low maintenance.
- 9.5 Provision will be made within the bin storage areas for recyclable materials in suitable containers for collection and reuse by the Council.
- 9.6 Ecology - the existing site held no ecological value, as this is short cut grass and tarmac surface, the creation of soft landscaping to the rear gardens will enhance the ecological value of the site.

10.0 Conclusion

- 10.1 The Council has a housing need for one bed social rented homes within the boundary of Tiverton.
- 10.2 The development has been identified in the Capital programme with the balance of the development being funded by the Housing Maintenance Fund.
- 10.3 The scheme has been granted planning permission.
- 10.4 There has been a satisfactory conclusion of the consultation exercise, which took place during the summer months of 2021.
- 10.5 The Employers Agent and the Corporate Projects Officer has completed a detailed review of the tender return for Contractor 1, and are satisfied that the original quality scoring difference has been addressed.

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Circulation of the Report: Deputy Leader and Cabinet Member for Housing and Property Services and Leadership Team

List of Background Papers: Cabinet –Design and Build Tender 4 March 2021.

<https://democracy.middevon.gov.uk/ieListDocuments.aspx?CId=133&MId=1265&Ver=4>